

CALIFORNIA TIMBER YIELD TAX

**Timber Yield Tax
Timberland
Production Zones**



**State Board of
Equalization**

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What is the Timber Yield Tax?

The Timber Yield Tax is a property tax paid by timber owners when they harvest trees, or timber. The tax is paid on a quarterly basis to the Board of Equalization (Board), which returns it to the counties where the timber was harvested.



Why is timber taxed when it is harvested?

Although standing timber may add value to land, it is exempt from property taxation until harvest. Before 1976, the value of timber was added to the value of land and taxed, giving property owners an incentive to harvest trees to reduce their property taxes. State legislation, enacted after voters passed Proposition 8, established the present system for assessing property tax when trees are harvested.



How is *timber* defined? What activities are taxable?

For purposes of the tax, *timber* is considered to be trees *of any species* — including hardwoods — harvested for forest products, whether grown naturally or planted, standing or down. Taxable activities include harvesting timber for lumber or lumber

products, firewood, Christmas trees, poles and pilings, biomass, and so forth. Timber harvested from both private and public lands (except tribal lands) is subject to the tax.



Who is considered a *timber owner*?

You are considered a *timber owner* if:

- You own timber immediately prior to felling or harvesting
- You are the first person or agency not exempt from property tax to acquire legal or beneficial rights to timber after felling, when the trees were owned by a state, federal, or other tax-exempt agency, such as the U.S. Forest Service.

Please note: If you own land from which timber is harvested, you are considered a timber owner if your timber sale contract provides that you will be paid according to the actual timber volume scaled (number of board feet calculated), *and* your harvest contract does not contain a clause specifically transferring title to the timber prior to felling. Generally, a harvest contract for felling and marketing timber does not transfer title to the timber.

A timber owner can be an individual, corporation, partnership, or agency.



How much tax will I owe?

The timber yield tax rate is currently 2.9 percent. The amount of tax is calculated according to the volume of timber you harvest, the established value for the species harvested, and the tax rate. (Board appraisers determine the value of standing trees in your area twice a year. Since the values are based on analysis of market transactions, the established value may differ from the price you are paid for your trees.)

Please note: Because the tax is based on the volume of timber harvested, it is important that you maintain records that will enable you to determine that volume. You will need mill scale tickets, Forest Service billing statements, dimension records of split products, or other documents listing volume to help you complete your timber tax return.



How do I pay the tax?

Registration. After you file timber harvest forms with the California Department of Forestry, or when the Board otherwise learns of your timber harvest, you will automatically be registered as a timber owner. Shortly thereafter, the Board will notify you of your registration and

assign you an account number. Your registration will remain in effect until you notify the Board that you will no longer harvest timber.

Please note: If you intend to harvest trees in the near future and you have not received registration notification, please contact your nearest Board Timber Tax office for assistance.

Harvest Value Schedule. Before you file a tax return, the Board will send you a *Harvest Value Schedule* that lists the values for different classifications of each species in your area. It will come with instructions that explain how to complete the timber harvest report that must accompany your tax return.

Filing returns. Timber yield tax is due and payable by the last day of the month following the end of the calendar quarter. You will generally be sent a timber tax return and harvest report during the last two weeks of the quarter. All timber harvested and scaled during that quarter must be reported on the harvest report and the return.

Note: The *scaling date* is the date the volume of timber harvested is first definitely determined. Unless you obtain written Board approval, this date can be no later than the date the logs are delivered to a wood processing or log storage area, whichever comes *first*. For example, if your logs are delivered to a log storage

area on June 27, then sent to a wood processing area on July 15, the scaling date must be *on or before* July 27.

You must file a return for every quarter during which you are registered as a timber owner. If you do not file a return and pay any tax due in a timely manner, you may be charged penalty and interest. In addition, the Board may charge you additional penalties if you neglect or disregard the provisions of the Timber Yield Tax Law.



Can my land be zoned for timber production?

A county board of supervisors or a city council can zone parcels capable of economic timber production for that restricted use. The zoning designation is known as a Timberland Production Zone (TPZ). Land zoned TPZ can be used only for growing and harvesting timber, and for certain other compatible uses defined by law. Special restrictions apply to rezoning of TPZ lands.

TPZ land is valued according to its ability to grow trees. As a result, its assessed value may be lower than that of land zoned for other uses.

You may request TPZ zoning from your local land use agency or planning department. If you have further questions regarding requirements for TPZ designation or valuation of TPZ land, please contact your local land use agency, county tax assessor's office, or a Board Timber Tax office.



For More Information

Please contact one of the Board's Timber Tax offices. Staff will be glad to answer your questions. You may also wish to obtain a copy of the California Timber Yield Tax Law, available from the offices listed below, or by writing:

State Board of Equalization
Supply Unit
3920 West Capitol Avenue, Suite 200
West Sacramento, CA 95691



Board of Equalization Timber Tax Offices

Sacramento

State Board of Equalization
Timber Tax Division, MIC: 60
450 N Street
Sacramento, CA 95814
916-445-6964

Eureka

State Board of Equalization
134 D Street, Suite 303
Eureka, CA 95501
707-445-6502

Redding

State Board of Equalization
2400 Washington Avenue, Suite 210
Redding, CA 96001
916-225-2670



State Board of Equalization
Timber Tax Division, MIC: 60
P.O. Box 942879
Sacramento, CA 94279-0001